

Statement for the Record
The Honorable Sander M. Levin
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
April 26, 2012

The Ways and Means Committee has for many years provided for the continuation of various provisions in our tax code that support job creation, economic growth and other purposes. Members of both parties understood the importance of extending these provisions on a timely basis. I welcome this opportunity to examine the appropriateness of these expiring provisions, though I am concerned that the scope of the examination is inappropriately narrow.

A number of vital provisions that expired during the last Congress were explicitly excluded from the scope of this hearing. It excludes highly successful provisions designed to spur job creation such as Build America Bonds and the section 48C Advanced Energy Manufacturing Credit. It excludes an entire package of provisions designed to ease economic recovery in the wake of natural disasters. It excludes protecting millions of middle class taxpayers from the Alternative Minimum Tax.

I hope the importance of these provisions will be raised in this hearing anyway, and that the majority will reconsider its arbitrary limitation on which tax extenders will be considered by this committee.

I also hope that following this hearing, the committee will move with all deliberate speed to bring up a tax extenders bill so that businesses and families have some degree of certainty in their planning. Important provisions like the R&D Credit and the Active Financing Exception to Subpart F have already expired. Further, the expiration of others such as the Production Tax Credit for wind at the end of this year is already disrupting business decisions.

Finally, I would like to highlight the importance of several provisions that I am very familiar with and advocate their timely extension.

- Energy Efficient Appliance Credit – Section 45M provides a strong incentive for the production of highly efficient appliances here in the United States, and it should be continued.
- Medium and Heavy Duty Hybrid Vehicle Credit – The credit for hybrid trucks helps make these advanced technology vehicles more affordable until larger scale deployment can reduce costs. US producers currently have the competitive advantage in this segment of the hybrid vehicle market, and Mr. Reichert and I have introduced legislation (H.R. 3374) to strengthen this important incentive under section 30B, but at a minimum the underlying credit for heavy duty hybrids should be renewed.
- Alternative Fuel Vehicle Refueling Infrastructure Credit – Section 30C provides an incentive for the deployment of refueling infrastructure for advanced technology vehicles. The availability of refueling infrastructure is a critical challenge to the

deployment of all advanced technology vehicles, including those powered by electricity, natural gas, and biofuels. In the past this credit has been increased to 50% of qualified costs, but at a minimum the current credit of 30% should be maintained.

- Federal Home Loan Bank Guarantee of Tax-Exempt Bonds – During 2009 and 2010, Federal Home Loan Banks were permitted to work through local banks to provide credit enhancement for local tax-exempt bonds. As a result more than \$4 billion of private activity bonds were issued at lower interest rates than would otherwise have been possible, financing hospital additions, student housing, community infrastructure and economic development projects. Most of these projects were very small and therefore would likely not be served by traditional sources of credit enhancement. This provision should be renewed.
- Exclusion of Gains on Qualified Small Business Stock – The Small Business Jobs Act increased the exclusion on gains for qualified small business stock under section 1202 from 50% to 100% through the end of 2011. This strong incentive for equity investment in small operating businesses should be extended.
- Enhanced Deduction for Charitable Donation of Food Inventory – The enhanced deduction for donating food inventory has been available to C corporations since 1976. In 2005, Congress extended this incentive to non-C corporations on a temporary basis. Mr. Davis and I have introduced legislation (H.R. 3729) to strengthen and make permanent this important incentive for businesses to donate food inventory to food banks and pantries, but at a minimum the existing provision should be extended.
- Mortgage Insurance Premium Deduction – Since 2007, mortgage insurance premiums have been treated as mortgage interest for tax purposes. As the role of governmental and private mortgage insurance in mortgage lending have increased, it is more important than ever that we continue to provide this equal treatment to borrowers who pay mortgage insurance premiums. I have introduced legislation in previous Congresses to make this provision permanent, along with Mr. Ryan, and I believe Mr. Nunes and Mr. Crowley have introduced such legislation this Congress.
- Special Rule To Implement Electric Transmission Restructuring – Section 451 allows utilities to recognize the gains from the sale of electric transmission property over eight years, provided that the proceeds are reinvested in qualified utility property. This tax treatment supports FERC's policy of encouraging electric utilities to divest transmission assets to independent transmission companies, which are more likely to make investments to enhance reliability and to build out transmission lines to renewable energy producers such as wind farms. This provision should be extended.